

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
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NEWS RELEASE SUMMARY - December 14, 2006

United States Attorney Carol C. Lam announced that Fenceworks, Inc., d.b.a. Golden State Fence Company, ("Golden State") and two corporate officers pled guilty today in federal court in San Diego to charges arising from the hiring of unauthorized alien workers between January 1999 and November 2005. Specifically, Golden State pled guilty to hiring unauthorized alien workers, in violation of Title 8, United States Code, Section 1324a, a misdemeanor. It also agreed to forfeit \$4,700,000 as proceeds gained from its unlawful activities under Title 18, United States Code, Section 982(a)(6)(A)(ii)(I). Next, it agreed to implement a compliance program to minimize the possibility of hiring unauthorized alien workers in the future. Melvin Kay, President of Golden State, and Michael McLaughlin, a Vice-President of Golden State, each pled guilty to hiring at least ten individuals with actual knowledge that the individuals were unauthorized alien workers, in violation of Title 8, United States Code, Section 1324(a)(3)(A), a felony. Kay and McLaughlin have also agreed to pay fines of \$200,000 and \$100,000, respectively. The guilty pleas were entered before United States District Court Judge Barry Ted Moskowitz.

According to court papers, Golden State is a California company engaged in, among other things, the business of building fences for residential, commercial, and military projects throughout California. In July 1999, Immigration and Naturalization Service ("INS") officials inspected the Oceanside, California office. Following the inspection, INS officials provided a written notice to Golden State that at least 15 Golden State employees at its Oceanside office were unauthorized alien workers. Shortly after being notified, Golden State responded by stating they were terminating these employees.

In September 2004, Immigration and Customs Enforcement ("ICE") officials again determined that at least 49 Golden State employees at the Oceanside office were unauthorized aliens. Three of these employees were among those listed in the 1999 notice as unauthorized alien workers. Next, ICE provided a written notice to Golden State regarding the status of these employees. In June and September 2005, ICE agents again observed unauthorized aliens listed in the 1999 and 2004 notices working at the Oceanside office.

In August 2005, ICE agents inspected Golden State's Riverside, California office. ICE agents again found that at least three of the employees working in the Riverside office were unauthorized aliens who had been listed in the 1999 notice as unauthorized alien workers.

In November 2005, ICE agents executed search warrants at the Oceanside and Riverside offices. Agents seized evidence showing these offices engaged in a pattern of hiring unauthorized alien workers. From September 2004 to September 2005, records maintained by Golden State revealed that the company hired more than ten unauthorized alien workers that had been listed in either the 1999 or 2004 notices. Social Security records also showed that hundreds of the names and social security numbers Golden State provided for its employees did not match the Social Security Administration's records. During the execution of the search warrants, ICE agents arrested 16 employees who were unauthorized alien workers. When interviewed, many of Golden State's former employees stated they were unauthorized alien workers; that Golden State's managers knew they were unauthorized workers; and Golden State hired them despite their illegal status.

United States Attorney Lam said, "Employers have long known that it is a federal crime to knowingly hiring illegal aliens. They now also know that we are serious about prosecuting the crime."

"This settlement and guilty plea clearly show that employers who knowingly and blatantly hire illegal workers will pay dearly for such transgressions," said Homeland Security Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE) Julie Myers. "In 2006, ICE tripled the number of arrests made in conjunction with worksite-related investigations and we will be expanding our focus in this arena further in the year ahead."

Kay and McLaughlin face a maximum sentence of five years in prison, a \$250,000 fine, and three years of supervised release. A sentencing hearing is scheduled for March 28, 2007, at 4:00 p.m. before Judge Moskowitz.

DEFENDANTS

Fenceworks, Inc., d.b.a. Golden State Fence Company	Case No. 06cr2604
Michael McLaughlin	Case No. 06cr2605
Melvin Kay	Case No. 06cr2606

SUMMARY OF CHARGES

Hiring Unauthorized Workers, Title 8, United States Code, Section 1324a.

Maximum penalty is a fine of the greater of a \$3,000 fine for each unauthorized alien, or twice the gross pecuniary gain derived from the offense or twice the gross pecuniary loss suffered by a person other than Defendant as a result of the offense; and a term of probation of up to five years or a term of supervised release of one year.

Hiring Ten or More Unauthorized Workers Within 12 Months, Title 8, United States Code, Section 1324(a)(3)(A).

Maximum penalty is five years in prison and a fine not to exceed \$250,000.

AGENCIES

Department of Homeland Security, Immigration and Customs Enforcement, San Diego and Riverside Sectors
Department of Homeland Security, United States Border Patrol, San Diego Sector
Social Security Administration, Office of Inspector General
Naval Criminal Investigative Service